

**VILLAGE OF DRY PRONG, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/13/10

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September 2, 2009

### Independent Auditors' Report

To the Mayor and Board of Aldermen  
Village of Dry Prong, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Dry Prong, as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Dry Prong's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Dry Prong, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding

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the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Dry Prong's basic financial statements. The Sewer Fund Comparative Financial Statements and Schedule of Per Diem Paid to Board Members are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Sewer Fund Comparative Financial Statements and Schedule of Per Diem Paid to Board Members have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respected in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 2, 2009, on our consideration of Dry Prong's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

# **VILLAGE OF DRY PRONG**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2009**

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This section of Village of Dry Prong's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended June 30, 2009.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Village's financial position and results of operations from differing perspectives which are described as follows:

#### **Government –Wide Financial Statements**

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Village's assets (including infrastructure acquired after July 1, 2001) and all of the Village's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants and contributions.
- **Business-Type Activities** – Expenses associated with providing water and sewer services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with water and sewer services are reported as business type activities.

#### **Fund Financial Statements**

Fund financial statements provide detailed information regarding the Village's most significant activities and are not intended to provide information for the Village as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Village has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Village's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

# **VILLAGE OF DRY PRONG**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2009**

- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Village's water and sewer services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

### **FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

A comparative analysis of government-wide data is presented as follows:

#### **Net Assets**

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	<u>June 30, 2009</u>			<u>June 30, 2008</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b><u>Assets:</u></b>				
Current and Other Assets	\$ 190,328	\$ 82,326	\$ 272,654	\$ 205,269
Internal Balances	272,702	(272,702)	—	—
Capital Assets	194,999	2,143,105	2,338,104	2,429,107
Total Assets	<u>658,029</u>	<u>1,952,729</u>	<u>2,610,758</u>	<u>2,634,376</u>
<b><u>Liabilities:</u></b>				
Current and Other Liabilities	10,637	46,813	57,450	55,694
Long-term Liabilities	—	154,998	154,998	163,440
Total Liabilities	<u>10,637</u>	<u>201,811</u>	<u>212,448</u>	<u>219,134</u>
<b><u>Net Assets:</u></b>				
Invested in Capital Assets (Net)	194,999	1,979,665	2,174,664	2,257,627
Restricted	—	48,233	48,233	46,037
Unrestricted	452,393	(276,980)	175,413	111,578
Total Net Assets	<u>\$ 647,392</u>	<u>\$ 1,750,918</u>	<u>\$ 2,398,310</u>	<u>\$ 2,415,242</u>

As the presentation appearing above demonstrates, the largest portion of the Village's net assets (90.7%) are invested in capital assets. Net assets invested in capital assets consist of land, buildings, and equipment less any debts used to acquire assets that remain outstanding. In addition, net assets invested in capital assets also include any infrastructure acquired after July 1, 2001. The Village uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets (2.0%) represent resources that are subject to restrictions that are imposed by agreements with the Village's bondholders. The remaining unrestricted net assets (7.3%) may be used to meet the Village's ongoing obligations to citizens and creditors.

# **VILLAGE OF DRY PRONG**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2009**

### **Changes in Net Assets**

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

	<b>For the Year Ended June 30, 2009</b>			<b>For the Year Ended June 30, 2008</b>
	<b>Govern- mental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	
<b><u>Revenues:</u></b>				
Program Revenue:				
Charges for Services	\$ 186,269	\$ 131,018	\$ 317,287	\$ 258,296
Operating Grants and Contributions	35,421	3,803	39,224	---
Capital Grants and Contributions	---	---	---	109,484
General Revenue:				
Property Taxes	10,015	---	10,015	9,646
Franchise Taxes	19,193	---	19,193	20,725
Occupational Licenses	33,397	---	33,397	34,904
Miscellaneous	10,736	715	11,451	12,703
Total Revenue	<u>295,031</u>	<u>135,536</u>	<u>430,567</u>	<u>445,758</u>
<b><u>Program Expenses:</u></b>				
General Government	132,245	---	132,245	118,371
Public Safety				
Police Department	64,084	---	64,084	49,696
Fire Department	1,470	---	1,470	1,470
Water	---	134,475	134,475	138,806
Sewer	---	115,225	115,225	103,643
Total Expenses	<u>197,799</u>	<u>249,700</u>	<u>447,499</u>	<u>411,986</u>
Change in Net Assets	97,232	(114,164)	(16,932)	33,772
Net Assets Beginning	<u>550,160</u>	<u>1,865,082</u>	<u>2,415,242</u>	<u>2,381,470</u>
Net Assets Ending	<u>\$ 647,392</u>	<u>\$ 1,750,918</u>	<u>\$ 2,398,310</u>	<u>\$ 2,415,242</u>

Governmental activities increased the Village's net assets by \$97,232. The increase is attributable to operating the Village in a manner that accumulates resources for future improvements.

Business-type activities decreased the Village's net assets by \$114,164. The decrease is attributable to depreciation of capital assets that were acquired with grant funds. Since the Village has been successful in securing grant funds to improve and replace components of its utility system, it is not considered necessary to recover depreciation through operations. Changes in net assets excluding capital grants, contributions and depreciation for the water and sewer systems are presented as follows:

# **VILLAGE OF DRY PRONG**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2009**

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	<u>Water</u>	<u>Sewer</u>	<u>Current Total</u>	<u>Prior Total</u>
Change in Net Assets	\$ (57,349)	\$ (56,815)	\$ (114,164)	\$ (30,972)
Capital Grants and Contributions	—	—	—	(86,479)
Depreciation	<u>48,375</u>	<u>45,639</u>	<u>94,014</u>	<u>93,793</u>
Change in Net Assets Excluding Capital Grants, Contributions and Depreciation	<u>\$ (8,974)</u>	<u>\$ (11,176)</u>	<u>\$ (20,150)</u>	<u>\$ (23,658)</u>

### **FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

For the year ended June 30, 2009, activity in governmental funds was limited to the general fund. The only differences between amounts reported by the general fund and governmental activities reported in the government-wide financial statements are attributable to including fixed assets in the government-wide presentation.

Amounts reported for business-type activities in the Village's individual funds are identical to the business-type activities reported in the government-wide presentation.

### **GENERAL FUND BUDGET HIGHLIGHTS**

The general fund is the only fund required by law to adopt a budget. A summary of the general fund budget compared to actual amounts is presented as follows:

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues	\$ 145,800	\$ 295,031	\$ 149,231
Total Expenditures	<u>214,465</u>	<u>180,112</u>	<u>34,353</u>
Excess (deficiency) of revenues over expenditures	(68,665)	114,919	183,584
Operating Transfers Out	—	—	—
Net Change in Fund Balances	<u>\$ (68,665)</u>	<u>\$ 114,919</u>	<u>\$ 183,584</u>

No amendments to the original budget were necessary.

### **CAPITAL ASSET ADMINISTRATION**

For the year ended June 30, 2009, capital asset acquisitions were limited to the purchase of a new vehicle for the utility system.



# **VILLAGE OF DRY PRONG**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***June 30, 2009***

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### **DEBT ADMINISTRATION**

For the year ended June 30, 2009, the Village did not incur any additional debt. Furthermore, existing debt was limited to revenue bonds that were issued in connection with the construction of the sewer system. At year end revenue bonds payable totaled \$163,440. Principal payments totaled \$8,040, which represents 4.7% of the outstanding balance.

### **FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS**

At the present time, management is not aware of any factors expected to have a significant effect on future operations.

# **VILLAGE OF DRY PRONG**

## **STATEMENT OF NET ASSETS**

**June 30, 2009**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 170,160	\$ 14,230	\$ 184,390
Restricted cash and cash equivalents	-	52,318	52,318
Receivables (net)	20,168	15,778	35,946
Other assets	-	-	-
Internal balances	272,702	(272,702)	-
Land	47,883	41,369	89,252
Depreciable capital assets, net	147,116	2,101,736	2,248,852
<b>Total assets</b>	<b>658,029</b>	<b>1,952,729</b>	<b>2,610,758</b>
<b>LIABILITIES</b>			
Accounts payable	10,637	56	10,693
Meter deposits	-	34,230	34,230
Liabilities payable from restricted assets			
Accrued interest payable	-	4,085	4,085
Long-term debt			
Due within one year	-	8,442	8,442
Due in more than one year	-	154,998	154,998
<b>Total liabilities</b>	<b>10,637</b>	<b>201,811</b>	<b>212,448</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	194,999	1,979,665	2,174,664
Restricted for debt service	-	48,233	48,233
Unrestricted	452,393	(276,980)	175,413
<b>Total net assets (deficit)</b>	<b>\$ 647,392</b>	<b>\$ 1,750,918</b>	<b>\$ 2,398,310</b>

The accompanying notes are an integral part of the financial statements.

# VILLAGE OF DRY PRONG

## **STATEMENT OF ACTIVITIES** **Year Ended June 30, 2009**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<b><u>Governmental Activities:</u></b>							
General Government	\$ 132,245	\$ -	\$ 35,000	\$ -	\$ (97,245)	\$ -	\$ (97,245)
Public Safety							
Law Enforcement	64,084	186,269	421	-	122,606	-	122,606
Fire Protection	1,470	-	-	-	(1,470)	-	(1,470)
Total Governmental Activities	197,799	186,269	35,421	-	23,891	-	23,891
<b><u>Business-Type Activities:</u></b>							
Water	134,475	72,931	3,803	-	-	(57,741)	(57,741)
Sewer	115,225	58,087	-	-	-	(57,138)	(57,138)
Total Business-Type Activities	249,700	131,018	3,803	-	-	(114,879)	(114,879)
Total Primary Government	\$ 447,499	\$ 317,287	\$ 39,224	\$ -	23,891	(114,879)	(90,988)
<b><u>General Revenues:</u></b>							
Taxes:							
		Ad Valorem			10,015	-	10,015
		Franchise			19,193	-	19,193
		Occupational Licenses			33,397	-	33,397
		Miscellaneous			10,736	715	11,451
		Total General Revenues			73,341	715	74,056
		Change in Net Assets			97,232	(114,164)	(16,932)
		Net Assets Beginning			550,160	1,865,082	2,415,242
		Net Assets Ending			\$ 647,392	\$ 1,750,918	\$ 2,398,310

The accompanying notes are an integral part of the financial statements.

# **VILLAGE OF DRY PRONG**

## **BALANCE SHEET**

### **GOVERNMENTAL FUNDS**

**June 30, 2009**

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 170,160	\$ -	\$ 170,160
Other assets	20,167	-	20,167
Due from other funds	272,702	-	272,702
<b>Total assets</b>	<b>\$ 463,029</b>	<b>\$ -</b>	<b>\$ 463,029</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 10,636	\$ -	\$ 10,636
<b>Total liabilities</b>	<b>10,636</b>	<b>-</b>	<b>10,636</b>
<b>Fund Balance</b>			
Designated for Street Repairs	126,150	-	126,150
Unreserved and Undesignated	326,243	-	326,243
<b>Total Fund Balances</b>	<b>452,393</b>	<b>-</b>	<b>452,393</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 463,029</b>	<b>\$ -</b>	<b>\$ 463,029</b>

### **Reconciliation of the Governmental Funds Balance Sheets to the Statement of Net Assets**

Total Fund Balances - Governmental Funds	\$ 452,393
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	194,999
Net Assets of Governmental Activities	<u>\$ 647,392</u>

The accompanying notes are an integral part of the financial statements.

# **VILLAGE OF DRY PRONG**

## ***Statement of Revenue, Expenditures and Changes in Fund Balance Governmental Funds***

***Year Ended June 30, 2009***

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>			
<b>Taxes:</b>			
Ad valorem	\$ 10,015	\$ -	\$ 10,015
Franchise	19,193	-	19,193
Occupational licenses	33,397	-	33,397
Fines and Court Cost	186,269	-	186,269
Grant Revenue	35,421	-	35,421
Miscellaneous	10,736	-	10,736
<b>Total revenues</b>	<b>295,031</b>	<b>-</b>	<b>295,031</b>
<b><u>Expenditures:</u></b>			
<b>Current</b>			
General government	120,868	-	120,868
Public Safety			
Law Enforcement	59,244	-	59,244
Capital Outlay	-	-	-
<b>Total expenditures</b>	<b>180,112</b>	<b>-</b>	<b>180,112</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>114,919</b>	<b>-</b>	<b>114,919</b>
<b>Other sources (uses)</b>			
Operating transfers in (out)	-	-	-
<b>Net Change in Fund Balances</b>	<b>114,919</b>	<b>-</b>	<b>114,919</b>
<b>Fund balance - beginning of year</b>	<b>337,474</b>	<b>-</b>	<b>337,474</b>
<b>Fund balance - end of year</b>	<b>\$ 452,393</b>	<b>\$ -</b>	<b>\$ 452,393</b>

### **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

Net change in fund balances of Governmental Funds	\$ 114,919
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period	
	(17,687)
Change in net assets of governmental activities	\$ 97,232

The accompanying notes are an integral part of the financial statements.

# **VILLAGE OF DRY PRONG**

## **Statement of Net Assets**

### **Proprietary Funds**

**June 30, 2009**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and cash equivalents	\$ 14,230	\$ -	\$ 14,230
Receivables (net)	15,778	-	15,778
Other assets	-	-	-
Total current assets	<u>30,008</u>	<u>-</u>	<u>30,008</u>
Restricted Assets:			
Cash and cash equivalents	-	52,318	52,318
Noncurrent Assets:			
Capital Assets:			
Land	-	41,369	41,369
Depreciable capital assets, net	<u>1,401,163</u>	<u>700,573</u>	<u>2,101,736</u>
Total noncurrent assets	<u>1,401,163</u>	<u>741,942</u>	<u>2,143,105</u>
Total assets	<u>1,431,171</u>	<u>794,260</u>	<u>2,225,431</u>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts payable	56	-	56
Due to other funds	91,540	181,162	272,702
Meter deposits	<u>34,230</u>	<u>-</u>	<u>34,230</u>
Total current liabilities	<u>125,826</u>	<u>181,162</u>	<u>306,988</u>
Liabilities Payable From Restricted Assets:			
Accrued interest payable from restricted assets	-	4,085	4,085
Current portion of long-term debt	-	8,442	8,442
Noncurrent Liabilities:			
Long-term debt	-	154,998	154,998
Total liabilities	<u>125,826</u>	<u>348,687</u>	<u>474,513</u>
<b><u>NET ASSETS:</u></b>			
Invested in capital assets, net of related debt	1,401,163	578,502	1,979,665
Restricted for debt service	-	48,233	48,233
Unrestricted	<u>(95,818)</u>	<u>(181,162)</u>	<u>(276,980)</u>
Total net assets (deficit)	<u>\$ 1,305,345</u>	<u>\$ 445,573</u>	<u>\$ 1,750,918</u>

The accompanying notes are an integral part of the financial statements.

# **VILLAGE OF DRY PRONG**

## ***Statement of Revenues, Expenses and Changes in Fund Net Assets***

### ***Proprietary Funds***

***Year Ended June 30, 2009***

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
<b><u>Operating revenues:</u></b>			
Charges for services	\$ 72,931	\$ -	\$ 72,931
Charges for services pledged as security for revenue bonds	-	58,087	58,087
<b>Total Operating Revenues</b>	<u>72,931</u>	<u>58,087</u>	<u>131,018</u>
<b><u>Operating expenses:</u></b>			
Salaries and payroll taxes	48,798	18,236	67,034
Chemicals and supplies	8,463	2,272	10,735
Depreciation	48,375	45,639	94,014
Insurance	1,934	1,786	3,720
Utilities	10,311	13,158	23,469
Legal and professional	7,940	4,394	12,334
Repairs and maintenance	4,858	16,935	21,793
Miscellaneous	3,796	4,432	8,228
<b>Total operating expenses</b>	<u>134,475</u>	<u>106,852</u>	<u>241,327</u>
<b>Operating income (loss)</b>	<u>(61,544)</u>	<u>(48,765)</u>	<u>(110,309)</u>
<b><u>Non-operating revenues (expenses):</u></b>			
Interest income	392	323	715
Other income	3,803	-	3,803
Interest expense	-	(8,373)	(8,373)
<b>Total Non-operating revenues</b>	<u>4,195</u>	<u>(8,050)</u>	<u>(3,855)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(57,349)</u>	<u>(56,815)</u>	<u>(114,164)</u>
<b>Capital Contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	<u>(57,349)</u>	<u>(56,815)</u>	<u>(114,164)</u>
<b>Total net assets - beginning</b>	<u>1,362,694</u>	<u>502,388</u>	<u>1,865,082</u>
<b>Total net assets - ending</b>	<u>\$ 1,305,345</u>	<u>\$ 445,573</u>	<u>\$ 1,750,918</u>

The accompanying notes are an integral part of the financial statements.

# **VILLAGE OF DRY PRONG**

## **Statement of Cash Flows**

### **Proprietary Funds**

**Year Ended June 30, 2009**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b><u>Cash flow from operating activities:</u></b>			
Cash received from customers	\$ 76,539	\$ 58,087	\$ 134,626
Cash payments to suppliers of goods and services	(37,246)	(42,977)	(80,223)
Cash payments to employees for services	(48,798)	(18,236)	(67,034)
Net cash provided (used) by operating activities	(9,505)	(3,126)	(12,631)
<b><u>Cash flows from non-capital financing activities:</u></b>			
Grant Proceeds	3,803	-	3,803
Increase (Decrease) cash advances due to other funds	2,516	31,761	34,277
Net cash provided (used) by non-capital financing activities	6,319	31,761	38,080
<b><u>Cash flows from capital and related financing activities:</u></b>			
Capital Grants	-	-	-
Capital Expenditures	(10,349)	(10,349)	(20,698)
Principle paid on revenue bonds	-	(8,040)	(8,040)
Interest paid on debt instruments	-	(8,575)	(8,575)
Net cash provided (used) by capital and related financing activities	(10,349)	(26,964)	(37,313)
<b><u>Cash flows from investing activities:</u></b>			
Interest and other income	392	323	715
Net cash provided (used) by investing activities	392	323	715
Net increase (decrease) in cash	(13,143)	1,994	(11,149)
Beginning cash balance	27,373	50,324	77,697
Ending cash balance	14,230	52,318	66,548
Restricted cash and cash equivalents	-	52,318	52,318
Cash and cash equivalents	\$ 14,230	\$ -	\$ 14,230
<b><u>Reconciliation of operating income (loss) to net cash</u></b>			
Operating income (loss)	\$ (61,544)	\$ (41,456)	\$ (103,000)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	48,375	45,838	94,213
(Increase) decrease in accounts receivable	544	-	544
(Decrease) increase in accounts payable	56	-	56
(Decrease) increase in meter deposits	3,064	-	3,064
Net cash provided (used) by operating activities	\$ (9,505)	\$ 4,382	\$ (5,123)

#### **Supplemental disclosures of cash flow information:**

For the year ended June 30, 2009, there were no operating, financing, or investing activities that did not result in cash receipts or payments.



# **VILLAGE OF DRY PRONG**

## **NOTES TO FINANCIAL STATEMENTS**

***June 30, 2009***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Dry Prong (the Village) was incorporated under the provisions of the Lawrason Act. The Village is governed by a Mayor and a Board of Alderman consisting of three (3) members. Services provided by the Village include police and fire protection, and street maintenance. The Village also operates a water distribution system and a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

#### **Financial Reporting Entity**

As the municipal governing authority, for reporting purposes, the Village is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Dry Prong for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a) The ability of the Village to impose its will on that organization and/or
  - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon application of these criteria, there were no potential component units and all of the Village's activities were included in the primary government reporting entity.

# **VILLAGE OF DRY PRONG**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

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### **Basic Financial Statements**

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Village's financial position and results of operations from differing perspectives which are described as follows:

### **Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the Village as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

### **Fund Financial Statements**

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Village's major funds are described as follows:

- Governmental Funds – The Village's only active major governmental fund is its general fund. The general fund is the primary operating fund and is used to account for all governmental activities.
- Proprietary Funds – Are used to account for business type activities. The operations of the Village's Water System and Sewer System each utilize separate proprietary funds. Revenue earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting

# **VILLAGE OF DRY PRONG**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

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Standards Board (FASB) for business enterprises. However, the Village only applies those FASB pronouncements that were issued on or before November 30, 1989.

### **Basis Of Accounting and Measurement Focus**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<b><u>Financial Statement Presentation</u></b>	<b><u>Basis of Accounting</u></b>	<b><u>Measurement Focus</u></b>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of account and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgements are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceed from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

### **Non-Exchange Transactions**

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from franchise taxes, fines and court cost is not recognized until it is collected.

### **Use Of Estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Restricted Assets**

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In

# **VILLAGE OF DRY PRONG**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

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situations where it is permissible to spend restricted resources, the Village typically depletes the available restricted resources before consuming unrestricted resources.

### **Budget Practices**

The Mayor prepares an annual budget for the Village's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Village's Utility Fund.

### **Capital Assets**

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost related to the Village's utility system were estimated based on information furnished by the Village's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989 were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks and drainage systems acquired before July 1, 2001 are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

### **Cash And Cash Equivalents:**

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

### **Deferred Revenue:**

Amounts collected from grant programs are reported as deferred revenue until the Village has complied with the terms and conditions of the grant program. The amount reported as deferred revenue represents the unexpended portion of grant receipts that are required to be used for specific purposes.

### **Internal Balances:**

All funds paid to vendors are typically disbursed from the General Fund. Amounts paid by the General Fund on behalf of other funds and any reimbursements received by the General Fund are reported as internal receivables and payables. In the government-wide Statement of Net Assets internal balances are eliminated except for the presentation of net residual amounts due between governmental and business-type activities.

# **VILLAGE OF DRY PRONG**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

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### **Statement Of Cash Flows:**

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks and certificates of deposit.

### **NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash balances at June 30, 2009 are presented as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash and Cash Equivalents	\$ 184,390	\$ 187,600
Restricted Cash and Cash Equivalents	52,318	52,318
<u>Total</u>	<u>\$ 236,708</u>	<u>\$ 239,918</u>

The bank balance is secured by FDIC insurance totaling \$250,000.

### **NOTE 3 - RECEIVABLES**

Receivables at June 30, 2009, are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type</u>	<u>Total</u>
Grant Reimbursements	\$ 20,000	\$ —	\$ 20,000
Utility Accounts	—	15,778	15,778
Other	168	—	168
<u>Total</u>	<u>\$ 20,168</u>	<u>\$ 15,778</u>	<u>\$ 35,946</u>

### **NOTE 4 - LONG-TERM DEBT**

The following is a summary of transactions involving long-term debt for the year ended June 30, 2009:

Bonds payable, June 30, 2008	\$ 171,480
New issues	—
Retirements	(8,040)
Bonds payable, June 30, 2009	163,440
Due within one year	8,442
<u>Due in more than one year</u>	<u>\$ 154,998</u>

# **VILLAGE OF DRY PRONG**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

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Long-term debt consist of a \$280,200 Sewer Revenue Bond issue dated November 1, 1982, due in annual installments of \$16,614 including interest at 5%, with the final installment due November 1, 2022.

A schedule of maturities of long-term debt follows for the years ended June 30:

<u>Year Ended June 30<sup>th</sup></u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 8,442	\$ 8,172
2011	8,864	7,750
2012	9,307	7,307
2013	9,773	6,841
2014	10,261	6,353
2015 – 2019	59,535	23,535
2020 – 2024	57,258	7,187
<u>Total</u>	<u>\$ 163,440</u>	<u>\$ 67,145</u>

Interest incurred in connection with long-term debt totaled \$8,373 and the entire balance has been presented as a direct expense of the Villages sewer system.

### **NOTE 5 - AD VALOREM TAXES**

The Village bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish. For the year ended June 30, 2009, the Village levied 6.89 mills for general corporate purposes.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

### **NOTE 6 – CAPITAL ASSETS**

A summary of the property and equipment reported by the Village at June 30, 2009 consists of the following:

# **VILLAGE OF DRY PRONG**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
Land	\$ 47,883	\$ ----	\$ ----	\$ 47,883
<b><u>Capital Assets Being Depreciated:</u></b>				
Buildings and Improvements	218,602	----	----	218,602
Machinery and Equipment	159,182	----	----	159,182
Total	377,784	----	----	377,784
Less Accumulated Depreciation	212,981	17,687	----	230,668
Total Net of Depreciation	\$ 164,803	\$ 17,687	\$ ----	\$ 147,116
<b><u>Business-Type Activities</u></b>				
Land	\$ 41,369	\$ ----	\$ ----	\$ 41,369
<b><u>Capital Assets Being Depreciated:</u></b>				
Water Distribution System	\$ 1,825,496	\$ ----	\$ ----	\$ 1,825,496
Wastewater System	1,773,697	----	----	1,773,697
Equipment	85,836	20,698	----	106,534
Total	3,685,029	20,698	----	3,705,727
Less Accumulated Depreciation	1,509,977	94,014	----	1,603,991
Total Net of Depreciation	\$ 2,175,052	\$ (73,316)	\$ ----	\$ 2,101,736

Depreciation expense reported by various functions is presented as follows:

<b><u>Governmental Activities:</u></b>	
General Government	\$ 11,378
Law Enforcement	4,839
Fire Protection	1,470
Total Depreciation – Governmental Activities	\$ 17,687
<b><u>Business-Type Activities:</u></b>	
Water	\$ 48,375
Sewer	45,639
Total Depreciation – Business-Type Activities	\$ 94,014

### **NOTE 7- RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

# **VILLAGE OF DRY PRONG**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

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The Village insures against these risks by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risk have not exceeded insurance coverage in any of the past three fiscal years.

### **NOTE 8 – DESIGNATIONS AND RESTRICTIONS**

Details regarding the designations and restrictions that limit the use of various resources are summarized as follows:

- The Board of Aldermen has designated a portion of the General Fund's cash reserves for street improvements. Accordingly, these funds are not available for any other purpose unless the designation is modified by actions of the Board of Aldermen. The portion of the general fund balance subject to the designation has been presented separately on the governmental funds balance sheet.
- Bond covenants require the Village to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants. Amounts on deposit in these accounts are reported as restricted cash. In addition, the corresponding amounts of net assets are also presented as restricted net assets.

### **NOTE 9 – INTERFUND BALANCES**

As discussed in Note 1, interfund balances arise when the general fund disburses funds on behalf of the water and sewer fund. The water and sewer funds periodically submit reimbursements to the general fund; however, no significant reductions in the interfund balances are expected within the next year. Balances outstanding at June 30, 2009 are summarized as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b><u>Governmental Activities:</u></b>		
General Fund	\$ 272,702	\$ —
<b><u>Business-Type Activities:</u></b>		
Water	—	91,540
Sewer	—	181,162
Total Business-Type Activities	—	272,702
<b>Government-Wide Totals</b>	<b>\$ 272,702</b>	<b>\$ 272,702</b>

### **NOTE 10 – CONTINGENCIES**

The Village is involved in a lawsuit filed by the owner of a structure that has encroached on the Village's right of way. The Village expects to settle out of court without incurring any significant liabilities.



# **VILLAGE OF DRY PRONG**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

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### **NOTE 11 – PENSION PLANS:**

The Village's Police Chief is members of the Municipal Police Employees Retirement System. The system is a cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees.

**Plan Description** - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70800-2250, or by calling (225) 929-7411.

**Funding Policy** - Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Village is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Village is established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village's contributions to the plan were equal to the required contributions for the year.

# **VILLAGE OF DRY PRONG**

## **General Fund**

### **Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<b><u>Revenues:</u></b>				
Taxes:				
Ad valorem	\$ 9,300	\$ 9,300	\$ 10,015	\$ 715
Franchise	22,000	22,000	19,193	(2,807)
Occupational licenses	28,500	28,500	33,397	4,897
Fines and Court Cost	76,711	76,711	186,269	109,558
Grant	-	-	35,421	35,421
Miscellaneous	7,500	7,500	10,736	3,236
<b>Total revenues</b>	<b>144,011</b>	<b>144,011</b>	<b>295,031</b>	<b>151,020</b>
<b><u>General Government:</u></b>				
Salary - mayor and aldermen	3,000	3,000	3,000	-
Salaries - other	14,911	14,911	15,123	(212)
Dues and publications	500	500	558	(58)
Insurance	6,100	6,100	3,163	2,937
Legal and professional	9,000	9,000	15,847	(6,847)
Library	9,000	9,000	2,600	6,400
Office supplies	3,000	3,000	20,458	(17,458)
Payroll taxes and benefits	5,200	5,200	4,730	470
Printing and advertising	1,500	1,500	723	777
Repairs and maintenance	5,500	5,500	4,109	1,391
Streets and parks	53,500	53,500	24,349	29,151
Traffic ticket assessments	6,900	6,900	7,885	(985)
Utilities and telephone	6,000	6,000	6,719	(719)
Miscellaneous	10,400	10,400	11,604	(1,204)
<b>Total general government</b>	<b>134,511</b>	<b>134,511</b>	<b>120,868</b>	<b>13,643</b>

Continued...

# **VILLAGE OF DRY PRONG**

## **General Fund**

### **Statement of Revenues, Expenditures and Changes in Fund Balances**

#### **Budget and Actual**

**Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b><u>Public Safety:</u></b>				
Police department				
Salaries and payroll taxes	34,500	34,500	46,844	(12,344)
Fuel	3,500	3,500	3,664	(164)
Parts and supplies	3,500	3,500	7,768	(4,268)
Miscellaneous	5,000	5,000	968	4,032
<b>Total police department</b>	<b>46,500</b>	<b>46,500</b>	<b>59,244</b>	<b>(12,744)</b>
<b>Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>181,011</b>	<b>181,011</b>	<b>180,112</b>	<b>899</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(37,000)</b>	<b>(37,000)</b>	<b>114,919</b>	<b>151,919</b>
<b>Other sources (uses)</b>				
Operating transfers in (out)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(37,000)</b>	<b>(37,000)</b>	<b>114,919</b>	<b>151,919</b>
<b>Fund balance - beginning of year</b>	<b>337,474</b>	<b>337,474</b>	<b>337,474</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 300,474</b>	<b>\$ 300,474</b>	<b>\$ 452,393</b>	<b>\$ 151,919</b>

# **VILLAGE OF DRY PRONG**

## **Statements of Net Assets**

### **Sewer Fund**

**June 30, 2009 and 2008**

	2009	2008
<b><u>ASSETS:</u></b>		
Current Assets:		
Other assets	\$ -	\$ -
Restricted Assets:		
Cash and cash equivalents		
Sinking Fund	22,150	12,021
Depreciation and Contingency	18,073	21,172
Reserves	12,095	17,131
Total Restricted Assets	52,318	50,324
Noncurrent Assets:		
Capital Assets:		
Land	41,369	41,369
Depreciable capital assets, net	700,573	735,863
Total noncurrent assets	741,942	777,232
Total assets	794,260	827,556
<b><u>LIABILITIES:</u></b>		
Current Assets:		
Due to other funds	181,162	149,401
Total current liabilities	181,162	149,401
Liabilities Payable From Restricted Assets:		
Accrued interest payable from restricted assets	4,085	4,287
Current portion of long-term debt	8,442	8,040
Noncurrent Liabilities:		
Long-term debt	154,998	163,440
Total liabilities	348,687	325,168
<b><u>NET ASSETS:</u></b>		
Invested in capital assets, net of related debt	578,502	605,752
Restricted for debt service	48,233	46,037
Unrestricted	(181,162)	(149,401)
Total net assets (deficit)	\$ 445,573	\$ 502,388

# **VILLAGE OF DRY PRONG**

## ***Statements of Revenues, Expenses and Changes in Fund Net Assets Sewer Fund***

***Years Ended June 30, 2009 and 2008***

	<u>2009</u>	<u>2008</u>
<b><u>Operating revenues:</u></b>		
Charges for services pledged as security for revenue bonds	\$ 58,087	\$ 53,422
<b>Total Operating Revenues</b>	<u>58,087</u>	<u>53,422</u>
<b><u>Operating expenses:</u></b>		
Salaries and payroll taxes	18,236	15,662
Chemicals and supplies	2,272	943
Depreciation	45,639	45,838
Insurance	1,786	3,503
Utilities	13,158	13,680
Legal and professional	4,394	5,339
Repairs and maintenance	16,935	6,722
Miscellaneous	4,432	3,191
<b>Total operating expenses</b>	<u>106,852</u>	<u>94,878</u>
<b>Operating income (loss)</b>	<u>(48,765)</u>	<u>(41,456)</u>
<b><u>Non-operating revenues (expenses):</u></b>		
Interest income	323	415
Interest expense	(8,373)	(8,765)
<b>Total Non-operating revenues</b>	<u>(8,050)</u>	<u>(8,350)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(56,815)</u>	<u>(49,806)</u>
<b>Capital Contributions</b>	<u>-</u>	<u>16,800</u>
<b>Change in net assets</b>	<u>(56,815)</u>	<u>(33,006)</u>
<b>Total net assets - beginning</b>	<u>502,388</u>	<u>535,394</u>
<b>Total net assets - ending</b>	<u>\$ 445,573</u>	<u>\$ 502,388</u>

**VILLAGE OF DRY PRONG**  
**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS**  
For the year ended June 30, 2009

Paul Pace, Mayor	\$ 1,200
Jamie Hyde, Alderman	600
Belinda Gauthier, Alderman	600
John Landry, Alderman	<u>600</u>
Total	<u><u>\$ 3,000</u></u>

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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RETIRED - 2005

September 2, 2009

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Board of Aldermen  
Village of Dry Prong, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Dry Prong (Village) as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Village of Dry Prong's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

-Members-

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented *or* detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Village of Dry Prong's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported *under Government Auditing Standards*.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants



# **VILLAGE OF DRY PRONG**

## **SCHEDULE OF FINDINGS AND QUESTIONED COST** **For the Year Ended June 30, 2009**

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### **PART I - SUMMARY OF AUDITOR'S RESULTS:**

- The Independent Auditors' Report on the financial statements of the Village of Dry Prong as of June 30, 2009 and for the year then ended expressed an unqualified opinion.
- The audit did not disclose any audit findings which are required to be reported as reportable conditions or material weaknesses.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Village of Dry Prong.

### **PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

- None.

### **PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

- None.

# **VILLAGE OF DRY PRONG**

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

***For the Year Ended June 30, 2009***

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<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
No findings that are material to the financial statements were reported.	Response – N/A
<b>SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<b>SECTION III MANAGEMENT LETTER</b>	
No management letter was issued.	Response – N/A

# **VILLAGE OF DRY PRONG**

## ***SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COST For the Year Ended June 30, 2009***

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<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
No findings of this nature were reported as a result of the previous audit.	Response – N/A
<b>SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
No findings of this nature were reported as a result of the previous audit.	Response – N/A
<b>SECTION III MANAGEMENT LETTER</b>	
<b><u>2008-1 Daily Deposits</u></b> State law requires deposits to be made on a daily basis, whenever practicable. In order to avoid having cash on hand over night and to comply with the law, we suggest depositing all collections at the end of each business day.	<b><u>Response</u></b> Recent deposit activity indicates that deposits are made on each working day.